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REVIEWS AND NOTICES.

OHIO BUILDING AND LOAN ASSOCIATIONS.

Fourth Annual Report of the Inspector of Building and Loan Associations of Ohio, for 1894. Columbus. Pp. 515.

The growth of co-operative savings and loan corporations, popularly known as "building associations," in the State of Ohio, and particularly in the city of Cincinnati, during the past twenty-five years, has been a marked feature of the economic development of that State and city. It was not until 1867 that the first building association was incorporated in Ohio. The number since then has steadily increased year by year, and the last State Inspector's report contains the names of 747 associations doing business in the State of Ohio, of which 372 are located in Hamilton county (Cincinnati).

Of German origin, these typically democratic institutions have found congenial environments in the large German population of Ohio cities and towns, and in the beginning their patrons were almost exclusively of that nationality. Others, however, were quick to appreciate their advantages, and the ease and simplicity with which building associations are organized and carried on hastened their spread among all nationalities and all grades of society.

In almost every instance the building association owes its existence to some young attorney who hopes to make a client out of it, to some needy book-keeper or accountant who wants to add to his salary the modest earnings of a building association secretary, or often, it may be, to some saloon-keeper who has a convenient rear room suitable as the meeting place of an association, which it will occupy rent free in consideration of the beer its members will consume at the landlord's bar.

Throughout Ohio building associations hold stated weekly meetings, usually after 6 o'clock P. M., at which members pay their weekly dues and the directors transact the routine business. The position of director is one of honor and trust, and is sought by members who are willing to serve without pay. The time of meeting,

being after business hours, secures not infrequently the attendance of men who at other hours of the day would command large compensation for their services. The secretary performs all the clerical work, and is the only salaried officer, and his compensation is never large. Its low cost of administration is a leading feature of the building association, as will be seen from the table of figures given below.

The statute providing for the creation of building associations does not limit the amount of the capital stock or the size of each share. The authorized capital stock usually varies from \$500,000 to \$2,000,000, and the par value of each share from \$200 to \$500. The weekly dues are either 50 cents or \$1.00 upon each share; so that a member subscribing for, say, five shares would have to pay in each week \$2.50 or \$5.00, as the case might be, and to continue these payments regularly until they amounted, together with accrued dividends, to the par value of the shares of stock he had subscribed for. A \$500 share in a prosperous association will become paid up in a little more than seven years.

Money is loaned principally upon real-estate mortgages, and small sums are constantly being withdrawn by members on their pass-books, to be repaid with interest when convenient. The law contemplates that the money on hand shall be sold at auction to the member bidding the highest rate of interest. In practice, however, each association has a fixed rate of interest, at which most of its loans are made, and the borrower knows in advance what he will have to pay, although the fiction of a sale at auction is still preserved. An appraising committee consisting of three directors fixes the value of real estate offered as security, and the amount loaned thereon is by law limited to two-thirds of the value so fixed. When it is remembered that in many cases these appraisers are from the humblest callings in life, with limited business experience of any kind, it is surprising how trivial the total losses are compared with the vast sums handled.

There is one distinctive feature of building-association loans that adds greatly to their safety. The borrower is compelled to pay back a small part of the principal every week, as well as a week's interest on the entire loan, so that the debt steadily decreases. He is fined for each default, and as a result every nerve is strained to keep up his weekly dues. If finally he succumbs, his debt, instead of being the

original sum, plus an arrearage of interest, is reduced by a greater or less amount, according to the length of time he has carried it. In this way the association's margin of security increases with the age of the loan. The practice of fining members defaulting in their weekly payments applies to borrowing and non-borrowing members alike, and enforces valuable discipline upon many thousands of people. Tradesmen and landlords complain that their claims are often deferred to building-association dues, which are the last obligations to be neglected. But the money thus laid away and the saving habit developed must result to the advantage of all eventually.

Bankers were at one time disposed to be both suspicious and jealous of these quasi-banking institutions. They, of course, must ever be rivals of savings banks, but by bankers generally their accounts are now eagerly sought, and they are felt to be valuable allies. In fact, they proved an element of strength to the banks during the late financial panic. It is well understood that the small depositor is the first to take fright and secrete his money in periods of financial crises, and savings banks as well as other banks were drained by the small depositors during the summer of 1893. The building association member knows that his money is loaned out on long time, and can be withdrawn only as it is gradually repaid by the borrowing members, and then only in the order of his application of withdrawal. For this reason, "runs" on building associations are unknown. The success with which the banks of Cincinnati tided through the stringency of 1893 was owing in part to the fact that the mass of depositors, who would otherwise have had their accumulations in savings and national banks, were members of these building associations.

The magnitude of the aggregate business of Ohio building associations was not fully realized until, by a recent law, they were brought under State supervision, and required to render annual statements to the State Inspector, whose yearly reports for the first time revealed their many millions of dollars of annual savings and of accumulated wealth. The following table of figures is taken from the fourth annual report of the State Inspector of Building and Loan Associations, and covers the year 1894: —

Number of associations in Ohio	747
“ “ Hamilton county	372
Total membership	255,838
“ authorized capital	\$757,431,500.00
“ capital subscribed	268,379,457.00
“ assets of all associations	86,047,104.11
“ receipts in '94 (dues, interest, loans repaid, etc.)	62,142,603.79
“ dues paid in 1894	19,505,749.70
“ earnings in 1894	5,805,298.25
“ loans on mortgages outstanding	73,708,762.45
“ loans on pass-books outstanding	4,762,391.30
“ dividends earned in 1894	4,029,859.09
“ salaries paid in 1894	385,550.05
“ expenses in 1894 (including salaries)	658,742.54
Average dividend earned	6.13 per cent
Percentage of expenses to total receipts	1.03 per cent
“ salaries to total receipts	0.64 per cent
Total losses during 1894	\$105,147 00
Fund for contingent losses	2,349,626 88
Percentage of losses to total assets	0.12 per cent
“ “ total earnings	1.8 per cent

The losses in 1893 were \$69,577.18, and in 1892 they were \$40,389.21. These figures tell the story of the panic of 1893. While the increase in losses above the normal is large, the losses themselves in 1894, when the full effect of the financial depression of the previous year was felt, were only one-eighth of one per cent of the total assets, and less than five per cent of the fund for contingent losses provided for their payment.

The experience of the past two years has set at rest all doubts as to the soundness of the underlying economic principles, the general honesty of administration, and enduring stability of Ohio building associations. They have grown into public confidence and are recognized as valuable aids to the prosperity of the community.

STEPHEN H. WILDER.

LABOR STATISTICS.

Fourth Biennial Report of the Bureau of Labor of Minnesota for 1893-94. L. G. Powers, Commissioner. St. Paul, 1895. Pp. 546.

This report includes four important subjects: chattel mortgages and pawnbrokers' loans, agricultural statistics, the apprentice system, and mortgage statistics. The inquiry in regard to chattel loans and mortgages is confined to Minneapolis. It is found that in the year 1893 there were 10,935 such instruments on file; the selling price